

[Filed 1-8-07, Plymouth Co.]

IN THE IOWA DISTRICT COURT IN AND FOR PLYMOUTH COUNTY

STATE OF IOWA, ex rel., THOMAS J.
MILLER, ATTORNEY GENERAL OF IOWA
(99AG23112),

Plaintiff,

vs.

DAKOTA DRILLING AND BACKHOE, INC.,

Defendant.

LAW NO. _____

**CONSENT ORDER,
JUDGMENT AND DECREE**

NOW on this 8th day of January, ²⁰⁰⁷~~2006~~, the Court is presented with the plaintiff's petition seeking civil penalties and injunctive relief pursuant to Iowa Code sections 480.6(1)(a) and 480.7. The Court having read the petition and being otherwise advised by the parties FINDS:

1. The Court has jurisdiction of the parties and the subject matter of this action and the parties consent to entry of this Consent Order, Judgment and Decree.
2. Defendant Dakota Drilling and Backhoe, Inc. admits the violations alleged in the Petition at Law.

THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. Defendant Dakota Drilling and Backhoe, Inc. is assessed a civil penalty of One Thousand and no/100 Dollars (\$1,000.00) for the violations alleged in the petition. The defendant shall pay the civil penalty within ten (10) days of the entry of this Consent Order,

Judgment and Decree. The defendant shall also pay interest pursuant to Iowa Code section 535.3(1) on any unpaid balance. Payments of the civil penalty and interest shall be made to the Clerk of the Iowa District Court for Plymouth County.

2. Defendant Dakota Drilling and Backhoe, Inc., its officers, employees, agents, successors and all other persons, corporations and other entities acting in concert or participating with the defendant who have actual or constructive notice of this injunction, are permanently enjoined from commencing any excavation in the State of Iowa, except during an emergency pursuant to Iowa Code section 480.4(6), without first contacting the statewide notification center (1-800-292-8989) at least 48 hours prior to the planned excavation, excluding weekends and legal holidays, as required by Iowa Code sections 480.1A and 480.4(1)(a), and providing the information required by Iowa Code sections 480.4(1)(b)(1)-(8) and 480.4(1)(c)(1)-(8); and further enjoined from commencing any excavation except under the schedule and pursuant to the terms of each such notification.

3. The Court retains jurisdiction of this matter to insure compliance with the terms of this Order.

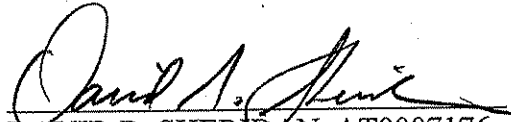
4. The costs of this action are taxed to the defendant in the amount of \$ _____
(Clerk to enter).

[Jeffrey A. Neary]

JUDGE, Third Judicial District of Iowa

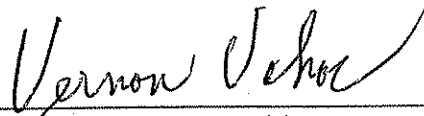
Approved as to form:

THOMAS J. MILLER
Attorney General of Iowa



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DAKOTA DRILLING AND BACKHOE, INC.



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DEFENDANT

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LAW NO. _____

PETITION AT LAW

COMES NOW Plaintiff State of Iowa, ex rel., Thomas J. Miller, Attorney General of Iowa, and for claim against Defendant Dakota Drilling and Backhoe, Inc., states as follows:

Introduction

1. The State of Iowa seeks the assessment of civil penalties and injunctive relief against Dakota Drilling and Backhoe, Inc. (hereafter "Dakota Drilling"), for violations of the "Iowa One Call" statute, Iowa Code chapter 480. Dakota Drilling failed to provide prior notice of excavations to the One Call Notification Center, proceeded with the excavations without any underground facilities having been located and marked and within a few hundred feet of a hazardous liquids pipeline.

Parties

2. The State of Iowa is a sovereign state of the United States of America.
3. Thomas J. Miller is the duly elected Attorney General for the State of Iowa.
4. Defendant Dakota Drilling and Backhoe, Inc., is a Nebraska corporation with its home office located at 507 142nd Street, South Sioux City, Nebraska 68776.

Definitions

5. "Emergency" means "a condition where there is clear and immediate danger to life or health, or essential services, or a potentially significant loss of property." Iowa Code § 480.1(3).

6. "Excavation" means "an operation in which a structure or earth, rock, or other material in or on the ground is moved, removed, or compressed, or otherwise displaced by means of any tools, equipment, or explosives and includes, but is not limited to, grading, trenching, tiling, digging, ditching, drilling, augering, tunneling, scraping, cable or pipe plowing, driving, and demolition of structures." Iowa Code § 480.1(4).

7. "Excavator" means "a person proposing to engage or engaging in excavation." Iowa Code § 480.1(5).

8. "Operator" means "a person owning or operating an underground facility including, but not limited to, public, private, and municipal utilities. An operator does not include a person who owns or otherwise lawfully occupies real property where an underground facility is located only for the use and benefit of the owner or occupant on the property." Iowa Code § 480.1(8).

9. "Underground facility" means an "item of personal property owned or leased by the operator which is buried or placed below ground for use in connection with the storage or conveyance of, or the provision of services supplying water, sewage, electronic, telephonic, or telegraphic communications, electric energy, hazardous liquids, or petroleum products including natural gas or other substances, and includes, but is not limited to, pipes, sewers, conduits, cables, valves, lines, wires, manholes, and attachments to such property but does not include sanitary sewer laterals, storm sewer laterals, and water service lines providing service to abutting private properties." Iowa Code § 480.1(10).

Jurisdiction

10. Iowa Code chapter 480, commonly referred to as the "Iowa One Call" statute, establishes a statewide notification center to receive, document and process notices of excavations. The statute also creates certain duties for excavators and owners and operators of underground facilities.

11. Iowa Code section 480.1A provides that a person shall not engage in any excavation unless the requirements of chapter 480 have been satisfied.

12. Iowa Code section 480.4(1)(a) provides that, prior to any excavation, an excavator shall contact the statewide notification center and provide notice of the planned excavation. The notice must be given at least 48 hours prior to the commencement of the excavation, excluding weekends and legal holidays. Notice is provided by calling the notification center at its toll-free number (1-800-292-8989). The notice for a location outside a city shall include:

1. the name of the county, township, range and section;
2. the name and address of the excavator;
3. the excavator's telephone number;
4. the type and extent of the proposed excavation;
5. whether the discharge of explosives is anticipated;
6. the date and time when excavation is scheduled to begin;
7. approximate location of the excavation on the property; and
8. if known, the quarter section, E911 address and global positioning system coordinate, name of property owner, name of housing development with street address or block and lot numbers, or both.

Iowa Code §§ 480.4(1)(c)(1)-(8).

13. Pursuant to Iowa Code section 480.4(2), the notification center upon receiving notice from an excavator must then immediately transmit the information contained in the notice to each operator of underground facilities in the area of the proposed excavation and provide the names of all operators in that area to the excavator. Operators of underground facilities receiving notice must then mark the horizontal location of their underground facilities within 48 hours after receiving the notice, excluding weekends and legal holidays, unless otherwise agreed by the operator and the excavator. Iowa Code § 480.4(3)(a)(1).

14. The only exception to the requirements of Iowa Code section 480.4 is “when an emergency exists.” Iowa Code § 480.4(6).

15. Iowa Code section 480.6(1)(a) provides that a person who violates a provision of chapter 480 is subject to a civil penalty, when the violation is related to natural gas and hazardous liquid pipelines, in an amount not to exceed Ten Thousand Dollars (\$10,000.00) for each violation for each day the violation continues, up to a maximum of Five Hundred Thousand Dollars (\$500,000.00).

16. Iowa Code section 480.6(2) authorizes the Attorney General, upon the receipt of a complaint, to institute legal proceedings necessary to enforce the penalty provisions of chapter 480.

17. Iowa Code section 480.7 authorizes injunctive relief from any violation of Iowa Code chapter 480.

Facts

18. Kaneb Pipe Line Company owns and operates an underground hazardous liquids pipeline which runs across Section 28, Township 93N (Preston Township), Range 47W,

Plymouth County, Iowa. The pipeline is 6-inches in diameter, approximately 20-30 inches deep, under at least 53 pounds per square inch (psig) of pressure. The pipeline is used to transport gasoline from Council Bluffs, Iowa, to Sioux Falls, South Dakota. Gasoline is an explosive and highly flammable substance.

19. On or before November 8, 2005, Dakota Drilling conducted excavations in Section 28, Township 93N (Preston Township), Range 47W, Plymouth County, Iowa. The excavations were only a few hundred feet from the Kaneb hazardous liquids pipeline. Dakota Drilling did not contact the One Call Notification Center regarding this excavation location and, thereby, failed to provide notices to operators of underground facilities whose facilities may be affected by the excavation. Instead, Dakota Drilling proceeded with the excavation; i.e., drilling a well several hundred feet in depth, without any underground facilities having been located and marked on the property.

20. Drilling a well constitutes "excavation" as defined in Iowa Code section 480.1(4).

21. At all material times hereto, Dakota Drilling was an "excavator" as defined in Iowa Code section 480.1(5).

22. A buried hazardous liquids pipeline is an "underground facility" as defined in Iowa Code section 480.1(10).

23. At all material times hereto, there was no "emergency," as defined in Iowa Code section 480.1(3), that would exempt Dakota Drilling from the requirement that it contact the statewide notification center prior to the excavations and, thereby, provide notice to owners and operators of underground facilities whose facilities may be affected by the excavations.

Violations

24. On or before November 8, 2005, Defendant Dakota Drilling and Backhoe, Inc., engaged in excavations in Section 28, Township 93N (Preston Township), Range 47W, Plymouth County, Iowa, without first contacting the statewide notification center and providing notice, in violation of Iowa Code sections 480.1A, 480.4(1)(a), and 480.4(1)(c)(1)-(8).

Prayer for Relief

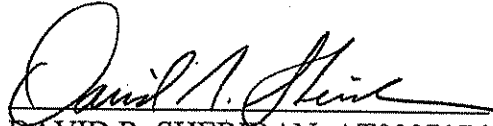
WHEREFORE, Plaintiff State of Iowa, ex rel., Thomas J. Miller, Attorney General of Iowa, requests that the Court:

- a. assess a civil penalty against Defendant Dakota Drilling and Backhoe, Inc., pursuant to Iowa Code section 480.6(1)(a) for each day of violation of Iowa Code sections 480.1A, 480.4(1)(a), and 480.4(1)(c)(1)-(8), not to exceed Ten Thousand Dollars (\$10,000.00) for each day of each such violation; and
- b. issue a permanent injunction enjoining Defendant Dakota Drilling and Backhoe, Inc., from commencing any non-emergency excavation in the State of Iowa, without first contacting the statewide notification center at its toll-free number (1-800-292-8989), at least 48 hours prior to the planned excavation, excluding weekends and legal holidays, as required by Iowa Code sections 480.1A and 480.4(1)(a), and providing the information required by Iowa Code sections 480.4(1)(b)(1)-(8) and 480.4(1)(c)(1)-(8); and further enjoining the defendant from commencing any excavation except under the schedule and pursuant to the terms of each such notification.

Plaintiff further requests that the Court tax the costs of this action to the defendants and provide such other relief as the Court may deem just and proper.

Respectfully submitted,

THOMAS J. MILLER
Attorney General of Iowa

A handwritten signature in black ink, appearing to read "David R. Sheridan", written over a horizontal line.

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